

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

CORO, ET AL.,)	
)	
Plaintiffs)	
v.)	Civ. No. 96-177-B
)	
CANADIAN PACIFIC RAILWAY)	
COMPANY,)	
)	
Defendant)	

ORDER AND MEMORANDUM OF DECISION

BRODY, District Judge

Plaintiffs, Alfred Coro and twenty four other former employees of Canadian Pacific Railway Company, bring this action against Defendant, Canadian Pacific Railway Company, for breach of contract (Count I) and fraud (Count II). Defendant filed a Motion to dismiss for Lack of Subject Matter Jurisdiction on both counts on August 19, 1996.¹ Specifically, Defendants allege that resolution of Plaintiffs' claims requires an interpretation of collective bargaining agreements and, subsequently, exclusive jurisdiction lies with the National Railroad Adjustment Board (NRAB) according to the Railway Labor Act, 45 U.S.C. §§ 151, et seq. The Court denies Defendant's Motion on both counts and remands the action to state court.

I. BACKGROUND

In December 1994, Defendant sold portions of its rail lines in Maine to both the Eastern Maine Railway Company and the Canadian American Railroad Company. On or about January 4,

¹ Defendant removed this action to federal court on July 15, 1996, pursuant to 28 U.S.C. § 1446 and Rule 81(c) of the Federal Rules of Civil Procedure on the grounds of federal question jurisdiction.

1995, Defendant executed a “Voluntary Separation Pay Plan” to help provide employment for the employees of the two railway companies that were purchased. According to the terms of the contract, every employee who offered to resign and terminate his employment with Defendant and seek employment with one of the two purchasing companies would receive a lump sum payment in the amount of \$10,000. As an additional inducement, Defendant offered to pay each employee who accepted the offer the difference between that lump sum payment and any greater payment to which the employee would have been entitled had he not accepted the terms of the contract and resigned. Several Plaintiffs accepted Defendant’s offer and resigned effective January 5, 1995. Later in January Defendant offered an almost identical contract to the remaining Plaintiffs, except the initial lump sum payment for resigning was \$7,000 instead of \$10,000. These Plaintiffs, however, were still entitled to receive the difference between their lump sum payment and any greater payment to which they would have been entitled had they not resigned. The remaining Plaintiffs agreed to the terms of this offer and resigned. Defendants paid all Plaintiffs the lump sum amounts to which they were entitled.

On or about May 1, 1995, Defendant executed written agreements with the unions of the employees who had not accepted the previous contracts and resigned. According to the terms of these collective bargaining agreements, Defendant offered to pay \$30,000 to those employees who had not resigned previously if they would do so now. The remaining employees accepted this offer, received the \$30,000, and resigned. Plaintiffs argue that according to the terms of the contract they executed with Defendant, they are entitled to receive the difference between the lump sum payment they received when they resigned and the lump sum payment to which they would have been entitled had they not resigned previously. Defendant argues that in order to

resolve Plaintiffs' claims, a court would have to interpret the terms of the collective bargaining agreement. Defendant asserts that according to the terms of the Railway Labor Act (RLA), 45 U.S.C. §§ 151, et seq., state and federal courts are divested of jurisdiction in such matters. Therefore, Defendant contends, the Court should grant its Motion to Dismiss for Lack of Subject Matter Jurisdiction.

THE RAILWAY LABOR ACT

The RLA states in pertinent part:

The disputes between an employee or group of employees and a carrier or carriers growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions, including cases pending and unadjusted on June 21, 1934, shall be handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes; but failing to reach an adjustment in this manner, the disputes may be referred by petition of the parties or by either party to the appropriate division of the Adjustment Board with a full statement of the facts and all supporting data bearing on the disputes.

45 U.S.C. § 153(i). The kinds of disputes set forth in this statute have come to be known as “minor” disputes, a term used by the Supreme Court in Elgin, J. & Eastern Ry. v. Burley, 325 U.S. 711 (1945). The Supreme Court has further defined “minor” disputes by holding that “[w]here an employer asserts a contractual right to take the contested action, the ensuing dispute is minor if the action is arguably justified by the terms of the parties’ collective bargaining agreement.” Consolidated Rail Corp. v. Railway Labor Executives’ Association, 491 U.S. 299, 307 (1989). Furthermore, “[n]o federal or state court has jurisdiction over the merits of any employment dispute subject to determination by a system board of adjustment.” de la Rosa Sanchez v. Eastern Airlines, 574 F.2d 29, 32 (1st Cir. 1978). Therefore, if a dispute is “minor,” it is within the exclusive jurisdiction of the NRAB.

Defendant alleges that the threshold issue in this case is whether the collective bargaining agreements Defendant executed with the unions created greater benefits to which Plaintiffs would have been entitled had they not resigned previously. Therefore, Defendant contends, determination of the merits of Plaintiffs' claims requires an interpretation of the collective bargaining agreements. It notes that "if the dispute is arguably a question of interpretation or application of the [collective bargaining agreement], the court must defer to the expertise of the NRAB and decline to exercise jurisdiction." Brotherhood of Locomotive Engineers v. Boston & Maine Corporation, 788 F.2d 794 (1st Cir. 1986). Plaintiffs argue that their claim for breach of contract derives solely from Defendant's alleged breach of the contracts they executed with Plaintiffs, in accordance with which Plaintiffs resigned. Therefore, Plaintiffs contend, their claims arise out of separate, independent agreements between Defendant and Plaintiffs, and do not require any interpretation of the collective bargaining agreement.

The Court need not decide the ultimate issue of whether Plaintiffs are indeed entitled to receive the difference between the lump sum payment they received and \$30,000. Instead, it must determine whether resolution of this matter requires an analysis of the collective bargaining agreements. The Court is satisfied that an interpretation of the collective bargaining agreement is not necessary, and that the issues in this case can be resolved solely on the basis of state contract law and tort law. It is true that in examining the merits of Plaintiffs' claims reference to the collective bargaining agreements would be appropriate. A court need only glance at the collective bargaining agreement, however, to learn what Plaintiffs would have been entitled to had they not resigned, to wit, a \$30,000 lump sum payment. Therefore, the Court denies Defendant's Motion to Dismiss for Lack of Subject Matter Jurisdiction as to Plaintiffs' breach of contract claim

(Count I).

The Court also denies Defendant's Motion to Dismiss for Lack of Subject Matter Jurisdiction Plaintiffs' claim for fraud (Count II). Determination of Plaintiffs' claim for fraud turns on Defendant's state of mind and involves "purely factual questions pertaining to . . . the conduct and motivation of the employer." Milne Employees Ass'n v. Sun Carriers, 960 F.2d 1401, 1408 (9th Cir. 1991). The issue regarding Plaintiff's fraud claim is whether Defendant, at the time it executed the contracts with Plaintiffs, intended to break its promise to pay Plaintiffs the difference between the lump sum they received when they resigned and the greater lump sum payment to which they would have been entitled had they not resigned. It is unnecessary to interpret the collective bargaining agreements to resolve this claim. Therefore, it is not a "minor" dispute and is not within the exclusive jurisdiction of the NRAB.

CONCLUSION

The Court denies Defendant's Motion to Dismiss for Lack of Subject Matter Jurisdiction on both Count I and Count II. Plaintiffs' claims can be decided on the basis of state tort law and contract law and are therefore remanded to state court for their resolution.

SO ORDERED.

MORTON A. BRODY
United States District Judge

Dated this 15th day of November, 1996.